

Message Text

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11

ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 AGR-20 IO-12 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-03 PRS-01 USIA-12 L-03 H-02 RSR-01

/200 W

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R 220727 Z APR 73

FM AMEMBAGRY NEW DELHI

TO SECSTATE WASHDC 3914

INFO AMEMBASSY TEHRAN

AMEMBASSY LONDON

AMEMBASSY ISLAMABAD

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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PASS AGRICULTURE

TEHRAN FOR AMBASSADOR MOYNIHAN

E. O. 11652: N/ A

TAGS: EAGR, IN

SUBJ: WEEKLY FOOD SITUATION

REF: NEW DELHI 3985

BEGIN SUMMARY: PRIME MINIFUER HAS HINTED AT POSSIBLE
FURTHER FOODGRAIN IMPORTS AS WHEAT PROCUREMENT EFFORTS
CONTINUE DISAPPOINTING TO GOI. PRESS REPORTED ERGOT FOUND
IN W IEAT IMPORTED FROM CANADA. FIRST PUBLIC OUTBURST
AGAINST FOODGRAIN SHORTAGES IN FAIR PRICE SHOPS OCCURRED
IN NAGPUT, MAHARASHTRA. END SUMMARY.

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1. REPORTS INDICATE SOME INCREASE IN GOVERNMENT PURCHASES OF WHEAT DURING PAST WEEK IN MOST STATES, COMMENSURATE WITH GRADUAL INCREASE IN FLOW OF GRAIN FROM FARMS TO MARKETS. TOTAL INITIAL PROCUREMENT, HOWEVER, CONTINUES TO BE DISAPPOINTING. WITH THE NEAR- ABSENCE OF WHEAT ON THE WHOLESALE MARKET, THE DEMAND FOR COARSE GRAINS AND THEIR PRICES HAVE BEEN INCREASING.

2. ON APRIL 13 PRIME MINISTER GANDHI STATED THAT IF ARRIVALS OF WHEAT TO MARKETS WERE HAMPERED GOVERNMENT WOULD IMPORT WHEAT FROM ABROAD TO THE EXTENT NECESSARY. MRS. GANDHI, ON APRIL 14, ISSUED WARNING TO FOODGRAIN TRADERS THAT STRONG ACTION WILL BE TAKEN AGAINST THOSE WHO TRY TO IMPEDE GOVERNMENT'S PROGRAM OF TAKE- OVER OF WHOLESALE WHEAT TRADE. ON APRIL 15 MADHYA PRADESH CHIEF MINISTER THREATENED TO USE PREVENTIVE DETENTION ACT AGAINST THOSE WHO TRIED TO SABOTAGE TAKE- OVER PROGRAM.

3. STATE PROCUREMENT TARGETS, MADE AVAILABLE TO US EARLIER AND REPORTED IN REFTEL, NOT FULLY ACCURATE.

MR. J. A. DAVE, MANAGING DIRECTOR OF THE FOOD CORPORATION OF INDIA (FCI), STATED ON APRIL 15 THAT PROCUREMENT TARGET FOR PUNJAB IS 3.4 MILLION TONS, NOT 3.8 MILLION TONS. THE 3.8 MILLION IS THE TARGET THE STATE HAS SET FOR ITSELF. CENTER'S WHEAT PROCUREMENT TARGETS GIVEN FOR STATES NOT REPORTED IN REFTEL, IN METRIC TONS, ARE: RAJASTHAN 300,000; MAHARASHTRA 200,000; GUJARAT 150,000; HIMACHAL PRADESH 60,000; JAMMU AND KASHMIR 40,000; UNION TERRITORY OF DELHI 30,000; ASSAM 20,000; AND ORISSA 18,000. EMBOFF MENTIONED TO FCI OFFICIAL THAT STATE TARGETS TOTAL MORE THAN THE GOI PROCUREMENT TARGET OF 8.0 MILLION TONS. OFFICIAL REPLIED THAT ONLY THING THAT MATTERED WAS LEVEL OF ACTUAL PROCUREMENTS.

4. MOST MAJOR PAPERS REPORTED THAT TWO CONSIGNMENTS OF IMPORTED CANADIAN WHEAT HAVE BEEN FOUND TO BE CONTAMINATED WITH ERGOT. DISTRIBUTION OF AFFECTED WHEAT TO CONSUMERS, MAINLY IN KERALA, HAS BEEN STOPPED PENDING REMOVAL OF ERGOT.

5. ON APRIL 18 A DUSK TO DAWN CURFEW WAS IMPOSED IN LIMITED OFFICIAL USE

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NAGPUR, MAHARASHTRA, FOLLOWING WIDESPREAD INCIDENTS OF

LOOTING OF SHOPS. MAHARASHTRA CHIEF MINISTER, V. P. NAIK, STATED

THAT THE TROUBLE WAS DUE TO ACUTE SHORTAGE OF FOODGRAINS AND YARN IN FAIR PRICE SHOPS. HE FURTHER STATED THAT SITUATION WOULD IMPROVE AS CENTER HAS AGREED TO SUPPLY BACKLOG OF LAST MONTH'S FOODGRAIN QUOTA AND THAT THE CENTER WAS SYMPATHETICALLY CONSIDERING THE STATE'S DEMAND FOR ADDITIONAL SUPPLIES.

6. COMMENTS: SHOULD PROCUREMENT NOT GO SATISFACTORILY, A GOVERNMENT ALTERNATIVE IS TO IMPORT ADDITIONAL FOODGRAINS. MRS. GANDHI MAY HAVE MADE COMMENT ABOUT IMPORTS EARLY BOTH TO ENCOURAGE FARMERS TO SELL TO GOI AND TO MAKE IMPORT PATH EASIER TO TRAVEL AT LATER DATE IF NECESSARY.

7. CANADIAN EMBASSY OFFICIALS REPORT THAT THEY HAVE NOT BEEN CONTACTED BY GOI OFFICIALS REGARDING ERGOT PROBLEM. THEY HAVE BEEN INFORMED BY OTTAWA THAT TWO OF THEIR WHEAT SHIPMENTS AND ONE AMERICAN WHEAT SHIPMENT FROM A CANADIAN PORT CONTAIN ERGOT. AN FCI OFFICIAL HAS PRIVATELY TOLD US THAT TEN CANADIAN WHEAT SHIPMENTS AND ONE AMERICAN WHEAT SHIPMENT CONTAIN ERGOT. THE GOI WANTS TO AVOID PUBLICITY ON THIS MATTER AND IS HOPEFUL IT WILL NOT FLARE UP INTO AN ISSUE SIMILAR TO THE DATURA SEED INCIDENT.

8. CENTER IS AWARE OF THE ECONOMIC AND POLITICAL IMPLICATIONS SHOULD GOI NOT BE ABLE TO MEET THE FOODGRAIN NEEDS OF FAIR PRICE SHOPS, ESPECIALLY IN URBAN CENTERS. WE EXPECT CENTER WILL BECOME MORE RESPONSIVE TO FUTURE FOODGRAIN REQUESTS FROM STATES IN ORDER TO PREVENT OUTBURSTS SIMILAR TO THOSE IN NAGPUR. ERNST

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